

DoD Procurement Conference
Logistics Panel: Performance Based Logistics
DLA's Role in Services'
Performance Based Logistics
Initiatives for Weapon Systems



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Topics

- **Overview of Performance Based Logistics (PBL)**
- **DoD Guidance on DLA PBL Role**
- **DLA PBL Value Proposition**
- **DLA Transformational Initiatives**
- **DLA Support To Combatant Commanders**
- **Options For DLA Consumable Parts Supply Chain Management Role In Service PBL Initiatives**
- **Examples Of DLA Role In Service PBL Initiatives**
- **DLA Support to OEF And OIF**
- **Summary**



Performance-Based Logistics

PM's Product Support Integrator

INDUSTRY/ORGANIC



DLA:
DLIS
DSCs
DDC
DRMS

Integrated Support Providers

Buys Performance As a Package
(Including Surge/Flexibility)

Weapon System Program Manager



Warfighter (Force Provider)

Ensure System is Sustained at Optimum Level per PBA

Acquisition

- NMCS
- Repair TAT
- CWT
- TDD
- Supply Availability

Sustainment

- MC Rate
- Ao
- TOW
- MTBMCF

Provide Continuous, Reliable, Affordable Support per PBA

Disposal

Visibility into cost/risk decisions across life cycle



DLA PBL Role in DoD Guidance: Interim Defense Acquisition Guidebook; DoD TLCSM & PBL Template – 7 Mar 2003

- **Invite DLA into early product support/PBL planning**
 - **Capitalize on DLA common support across systems**
- **Use DLA when best value for end-to-end, integrated supply chain management and logistics solutions:**
 - **Provisioning, cataloging, and logistics information management**
 - **Consumable parts support and associated services**
 - **World-wide warehousing and distribution services**
 - **Disposal and demilitarization services**
- **Deplete DLA-owned inventory when not continuing provider**

DLA signs PBA with PM, PBL PSI, and/or Warfighter



DLA Value Proposition for PBL Support

- DLIS manages FLIS/multi-media logistics products & services
 - ECCMA selects NSN structure as world-class best practice
 - Low cost provider of cataloging & logistics information services: Won JSF Trade Study
- Weapon system lead centers managing supply chains for consumable parts and associated services for 1,400 systems
 - 1.2M unique NSNs (\$6.1B) & 1.1M common NSNs (\$9.7B)
 - Leveraged buying power
 - Strategic materiel sourcing; long-term contracts; strategic supplier alliances; direct vendor delivery

DLA: Combat Support Agency – Warfighter Focused



DLA Value Proposition for PBL Support

DDC world-wide warehousing/distribution services

- **19 facilities in CONUS – hub & spoke; cross-docking**
- **7 facilities OCONUS and forward stock positioning**
 - **Germersheim; Pearl Harbor; Yokosuka; Camp Carroll on Korean Peninsula; Kuwait (Class IV in Bahrain); Guam; Sigonella NAS, Italy**
- **Infrastructure in place at Services' maintenance depots**
 - **Support lean initiatives**
- **Dedicated truck service from DDs**
- **Strategic distribution platforms: Susquehanna & San Joaquin**
- **Container consolidation points for deployed forces: DDSP/DDJC**
- **Tailored services such as kitting with DSCR/DSCC SCMs**

DRMS world-wide disposal/demilitarization operations



DLA Value Proposition for PBL Support

Projected DLA Sales for FY2004: \$28.9B; 22,000 People

Working Capital Fund A Competitive DLA Advantage!

- DLA will buy to customers' forecasts (from PMs/Services' commercial, organic, public-private partnership PBL PSIs)
 - Customer does not pay until the point of use/consumption
- Enables commercial PBL PSI to use scarce investment dollars for other PBL needs
 - Component/Subsystem/System reliability improvements
 - Spiral development/technology insertion
 - Attack high cost drivers for repairable components/DLRs
- True win – win partnership **DLA #55 on Fortune 500 – above NG**
- DLA brings core competencies to bear – low risk; high value!
- Let other partners concentrate on what they do best

SCM Teaming and Warfighter Focus the Key!



DLA Transformational Initiatives

- **Business Systems Modernization (BSM):**

- ERP – SAP; APS – Manugistics; Accenture is Integrator

- **Customer Relationship Management (CRM):**

- Collaborative Demand Planning with Major Customers
- Customer Cells at Lead Defense Supply Center
- Performance Based Agreements

**Collaborative
Planning &
Sharing Information
2 Ways End-to-End
in the Supply Chain**

- **Strategic Supplier Alliances**

- Long-Term Corporate Contracts with Major OEMs for all Sole Source Parts

- **Strategic Material Sourcing:**

- Grouping Items for Long-Term Contracts with Performance Metrics

- **Supplier Relationship Management with Major Suppliers**

- Collaborative Supply Planning and Performance Reviews
- SRMs and Integrated Supplier Teams at Lead Defense Supply Center



DLA Support to Combatant Commanders

- **DLA LNOs: Participate In Deliberative & Crisis Planning and Exercises**
 - **OJCS/J-4 and Combatant Commands**
 - **DLA Annexes To OPLANs And CONPLANs**
- **DLA Europe (EUCOM) And DLA Pacific (PACOM) In Place; DLA Southwest Asia To Be Established Soon To Support CENTCOM**
 - **Operational and Contingency Planning**
 - **CSRs Assigned To Major Installations and Units:**
CSRs deploy with units they serve!
- **DLA Contingency Support Teams (DCSTs)**
 - **Deploy Within 48-72 Hours at Request of Combatant Commanders**
 - **2 DCSTs Deployed in Southwest Asia: OIF & OEF; a third soon in Iraq**

**DLA Leads DDOC in CENTCOM:
BG John Levasseur, USAR, DLA/J-9**



Options for DLA Role in Service PBL Initiatives – Consumable NSN Supply Chain Management

- **DLA Continues to Manage the Consumable Parts Supply Chain**
 - **Enhanced by Transformational Initiatives**
- **DLA Includes Consumable Items on Service's Contract and Vice Versa**
 - **Only Unique Sole Source/Proprietary Parts from That Contractor**
 - **Limited by CICA, Bundling, Small Business Issues**
- **DLA Source of Supply to Service Product Support Integrator (PSI)/ PBL Contractor**
 - **Common and Unique Consumable Items If Best Value**
 - **If Not Best Value for Unique, PSI/PBL Contractor Purchases/ Requisitions Assets in Inventory Until Depleted**
- **Or Some Combination of the Above**



DLA Role in C-17 Flexible Sustainment

- **Boeing Is Air Force Inventory Control Point – Unique Reparable & Unique Consumable Items**
- **DLA Is Managing/Supplying All Common & Some Unique Consumable items for I and O Level AF Customers**
- **Boeing & Its Depot Maintenance Partners (Includes Air Logistics Centers) Use DLA When Best Value**
- **DLA Manages & Supplies 31,548 NSNs (5,767 Unique) – Supply Availability Over 94%**



DLA Role in F/A-18 E/F FIRST

- **Boeing Is Managing Unique Reparable & Most Unique Consumable Items**
- **DLA Is Managing/Supplying All Common & Some Unique Consumable items for I and O Level Navy Customers**
- **Boeing & Its Depot Maintenance Partners (Includes Naval Aviation Depots) Use DLA When Best Value**
- **DLA Manages & Supplies 7,338 NSNs (352 Unique) – Supply Availability 93%**



DLA Role In Navy's Consolidated Automated Support System (CASS) PBL

- **DLA Added DLA-Managed Consumable Items to Navy's CASS PBL Contract with Lockheed Martin**
 - **Lockheed Martin Sole Source CASS Unique Consumable Parts**
 - **DLA DSCs' forwarded MIPRs to Lakehurst to cover up-front contract funding for DLA-managed parts**
- **DLA Continues to Manage and Supply All Consumable Parts for CASS Support – Unique and Common**
 - **Adding Items to DLA Long-Term Contracts Under SMS/SSA**
 - **Laying in Additional Insurance Stock for Cables That Have Been Readiness Degraded**



DLA Role In Air Force's F-22 Raptor Air Dominance Fighter

- Lockheed Martin and Subcontractors Responsible For Depot Level Maintenance and all F-22 Unique Repairable and Consumable Item Support**
- DLA Is Source of Supply for all Common Consumable Items for Organizational Level Maintenance Customers**
- DLA Participated In Site Activation Surveys**
- Air Force Provided DLA with Forecasts (SSRs) for 2,487 NSNs for Nellis AFB and Tyndall AFB; Engine: 200 NSNs**



DLA Role In Javelin Missile Support – Joint Army/USMC Program

- **Army awarded PBL contract to the Raytheon/Lockheed Martin)**
 - **Parts are “free issue” to the user from contractor**
 - **Contract clause authorizes contractor to use DLA for consumable items**
 - **Contractor will use DLA when best value**
- **USMC does not desire “free issue” to user – USMC, DLA, and Raytheon/Lockheed Martin Teaming:**
 - **DLA will be source of supply to USMC users for consumable parts**
 - **DLA will award long-term contract with incentives to Raytheon/Lockheed Martin for sole source Javelin parts**



DLA Role in Joint STARS TSSR PBL

- Northrop Grumman is PBL product support integrator
- Northrop Grumman and WR-ALC Share Depot Maintenance Workload at Robins AFB, GA
- DSCR, NG, and AF JSTARS SPD Signed Service Level Agreement for DLA Support
- DLA is first source of supply for almost all consumable parts
 - 22,519 NSNs (4,081 unique NSNs; 18,438 common NSNs)
 - \$120.0M in inventory; \$54.9M due in under contracts
 - \$175.0M in sales last 24 months across all systems

Average 93.7% DLA Supply Availability Over Last 12 Months



DLA Role in Joint Strike Fighter

- **DLA's DLIS & UK's NCB Won Trade Study for Cataloging of NSNs – Head to Head Against Lockheed Martin Team**
- **DLA Providing Membership to JSFPO/LM/Joint Service IPTs:**
 - **JSF Autonomic Logistics (AL) Strategic Business Planning IPT**
 - **JSF AL Support System IPT**
 - **JSF AL Information System (ALIS) IPT**
- **DLA On Remaining 3 Teams for LM's Supply Services Provider (SSP):**
 - **IBM**
 - **Honeywell/Caterpillar Logistics Alliance**
 - **Lockheed Martin Maritime Systems and Sensors**
- **JSF Supply Day Issues – 23 March 2004 of Concern to DLA**
 - **Avoiding Assignment of “Duplicate NSNs” for Common Items**
 - **Ownership and Management of Common Consumable Items**



DLA on PBL Planning IPTs

- **Army Future Combat Systems (FCS)**
- **Army Common Ground Station (TYAD is PSI)**
- **Army/USMC Light Weight 155MM Howitzer**
- **USMC Expeditionary Fighting Vehicle (AAAV)**
- **USMC Expeditionary Fire Support System (On Contractor Team)**
- **LPD-17**
- **DD(X)**
- **Littoral Combat Ship (On Contractor Team)**
- **Virginia Class Submarine**
- **Many Others**

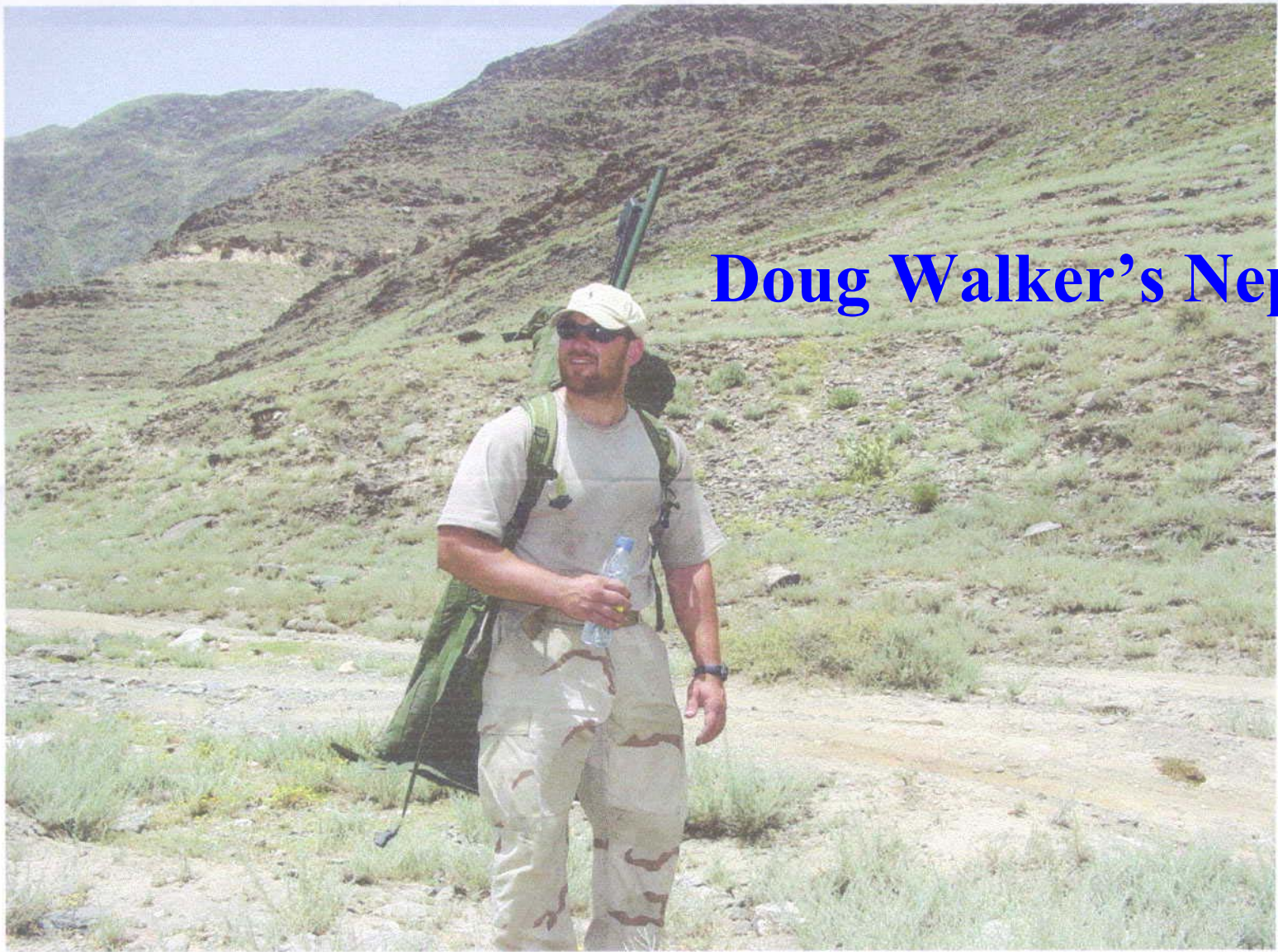


DLA Support To OEF & OIF (As of 7 May 2004)

- Defense Supply Centers Have Processed 6.1 Million Requisitions For \$6.5 Billion**
- Defense Distribution Center Has Processed And Shipped 6.1 Million Materiel Release Orders – 375,772 Short Tons; \$24 Billion**
- Defense Energy Support Center Has Provided 2.8 Billion US Gallons In Bulk Fuel**
- DRMS Has Processed 2,958 Lines @ \$27.4 Million**

Does Not Include Reconstitution/Reset

93 DLA People Deployed Including 2 DCSTs (40 Total, 13 in Iraq)₁₉



Doug Walker's Nephew

**Awarded Bronze Star: Over 80 Combat Missions
Special Operations – Afghanistan (Civilian Job: DSCC)**



DLA Committed to Helping PMs/Services Implement PBL on all Major Systems

- DLA eager to team with PMs/Services and their PBL product support integrators – commercial & organic**
- DLA has core competencies that can be brought to bear to provide best value integrated SCM and logistics solutions**
 - End – to – End: DLIS; DSCs; DDC; DRMS with Services and Industry Partners**
- DLA is transforming itself to improve support to the warfighter, DoD industrial activities, and contractors**

DLA is a proven logistics combat support agency

Highest Supply Availability/Lowest Cost Recovery Rate in 43 Year DLA History!

**Must Get PBL Right – Right Equipment That Is
Reliable/Available/Durable/Maintainable/Supportable –
Right Part for Right Vehicle – Right Place – Right Time
Sense & Respond Logistics – On the Move?**

**Up-Armored HMMWV Hit By Low Tech IED
Light & More Lethal Versus Heavy?**



Doug Walker's Nephew's Unit!



Some Final Thoughts on the PBL Arena

“The Man In The Arena”

“It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do good deeds; who knows great enthusiasms; the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid soles who neither know victory nor defeat.”

Theodore Roosevelt – 26th President of the USA – April 23, 1910

DLA is an enthusiastic doer in the PBL Arena!